

Message Text

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PAGE 01 STATE 155689

10

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TO AMEMBASSY SAIGON

INFO AMEMBASSY BANGKOK

AMEMBASSY BUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY JAKARTA

AMEMBASSY MANILA

AMEMBASSY MOSCOW

AMEMBASSY OTTAWA

AMEMBASSY WARSAW

AMEMBASSY WELLINGTON

AMCONSUL BIEN HOA

AMCONSUL CAN THO

AMCONSUL DANANG

AMCONSUL HONG KONG

AMCONSUL NHA TRANG

USDEL JEC PARIS

USLO PEKING

USSAG NAKHON PHANOM

CINCPAC

AMEMBASSY PHNOM PENH

AMEMBASSY SEOUL

AMEMBASSY TAIPEI

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UNCLAS STATE 155689

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 155689

E.O. 11652 N/A

TAGS: PFOR, XC, US

SUBJECT: AUGUST 7 EA PRESS SUMMARY

INDOCHINA

1. IN WORST SUCH ACCIDENT OF INDOCHINA WAR, TOWN OF NEAK LUONG BOMBED ABOUT 5 AM AUG. 6. CASUALTY TOLL UNCERTAIN; EARLIER REPORTS GAVE 100 KILLED 300 WOUNDED; LATER GKR STATEMENT SAYS UP TO 700 KILLED AND WOUNDED. EMBASSY CONTINUING INVESTIGATION. INJURED COMING TO PP VIA HELICOPTER AND GKR NAVY BOATS, SOME BITTER AT US. DOD SPOKESMAN SAYS PART OF B-52 BOMB LOAD FELL SHORT OF TARGET (GREENWAY, WP; KIRK, CHITRIB; SEIDEN, SUN; PHINQ, AP; UPI; NYT; CSM). WILLIAMS (REUTER) REPORTS US AIR ATTACHE VISITED NEAK LUONG 3 HRS AFTER BOMBING, SAW 30 CRATERS IN LINE DOWN MAIN STREET, SOME DAMAGE TO HOSPITAL, OBSERVED WORST DAMAGE TO BARRACKS AREA HOUSING MILITARY AND DEPENDENTS. CARTER (NYDN) BELIEVES TRAGEDY BOUND TO INCREASE END-BOMBING PRESSURE.

2. SIMILAR INCIDENT OCCURRED SUNDAY AT PREK ENG, 6 MI SE OF PP ON HWAY 1, WHEN US FIGHTER-BOMBER KILLED 10-12 CIVILIANS (GREENWAY, KIRK, SEIDEN).

3. REP. HOLTZMAN SAYS IF JUSTICE DOUGLAS' ORDER TO HALT BOMBING HAD NOT BEEN OVERTURNED MANY INNOCENT WOULD NOT HAVE DIED; ASKS JUSTICE MARSHALL RECONSIDER HIS RULING AND AGAIN FILES MOTION WITH SUPREME COURT TO STOP BOMBING IMMEDIATELY (CARTER; NYT, REUTER; MORGAN, WP). LAW PROFESSOR JAMES AHRENS FILES SUIT IN FED DIST COURT SEEKING JUDGMENT THAT CAMBODIA BOMBING IS UNCONSTITUTIONAL (SUN, AP).

4. GKR TERMS CLEARING HWAY 1 TO DAYETH, 13 MI SE OF PP, "BRILLIANT VICTORY". CLASHES CONTINUE 2 MI FROM POCHENTONG AND AT TOUL LEAP, 10 MI FROM PP (GREENWAY; PHINQ, AP).

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 155689

5. SIHANOUK, IN NK, AGAIN REJECTS POSSIBILITY OF DISCUSSIONS WITH HAK OR NEGOTS WITH US IN ANSWER TO FONMIN MALIK'S EXPRESSED READINESS TO USE INDONESIA'S GOOD OFFICES TO HELP RESOLVE CAMBODIAN CONFLICT IF REQUESTED (MARDER, WP). SIHANOUK BARS TALKS WHILE US SENDS AID (NYT, REUTER; CSM).

6. WP'S MARDER AND GETLER ANTICIPATE MORE EMBARRASSING REVELATIONS IN SASC HEARINGS COMING WEEK CONCERNING CIA- GREEN BERET 1970 CLANDESTINE OPERATIONS, ALLEGED US ROLE IN SIHANOUK OVERTHROW, AND FURTHER FALSIFIED BOMBING DATA.

7. DOD SAYS REBELS SHIFT STRATEGY FROM ATTACKING SUBURBS TO DIRECT PRESSURE ON PP, BUT HEAVY LOSSES, SUPPLY PROBLEMS AND SEASONAL FLOODING SLOW THEM DOWN; INSURGENTS INTENTIONALLY GENERATING REFUGEES TO SWELL PP POPULATION, AND PUT EXTRA BURDEN ON GKR (CORDDRY, SUN). GREENWAY (WP) SEES WAR BECOMING BATTLE FOR PP, REPORTS SOME COUP TALK; POSSIBILITY REBELS MAY BE INFILTRATING PP AS GKR LOCATES SOME WEAPONS CACHES; ENEMY NOW PRETTY WELL CALLS SHOTS AND PP REACTS. SEIDEN (SUN) SAYS COMMUNISTS MAINTAINING LOW PROFILE AMONG INSURGENTS AND MOST VC AND NVA HAVE LEFT CAMBODIA THOUGH NVN STILL DIRECTS OPERATIONS; ENEMY NOW BROADLY BASED, LOOSELY ALIGNED, PERHAPS FACTION-RIDDEN COALITION OF DISSIDENTS WITH COMMON GOAL TO OVERTHROW LON NOL; REBELS INCLUDE DEMOCRATS, SOCIALISTS, COMMUNISTS BUT ALL STRONGLY NATIONALISTIC, SOME ANTI-SIHANOUK.

8. SCHANBERG (NYT) AND GREENWAY (WP) DESCRIBE DESTRUCTION IN RECAPTURED VILLAGE VEAL SBOU AND LOOTING BY VICTORIOUS BUT BADLY LED, POORLY PAID, HUNGERY GKR TROOPS; AND PLIGHT OF FORMER RESIDENTS THAT GKR SOLDIERS ARE NOT PERMITTING REENTER VILLAGE.

9. IN VN, CLASHES ARE REPORTED CLOSE TO CAMBODIAN BORDER, HEAVY ENGAGEMENTS IN HIGHLANDS AROUND PLEIKU WITH 79 DEATHS PAST 2 DAYS, AND TOTAL 113 TRUCE VIOLATIONS CLAIMED BY GVN IN LAST 24 HRS (GREENWAY, WP; KIRK, UNCLASSIFIED

UNCLASSIFIED

PAGE 04 STATE 155689

CHITRIB; PHINQ, AP).

10. TREASTER (NYT, UPI) REPORTS GVN SENATORIAL CAMPAIGNS OFFICIALLY OPEN WITH PUBLIC APATHETIC AND 4 PRO-THIEU SLATES OF 15 CANDIDATES EACH COMPETING FOR 31 SEATS. 2 SLATES HAND-PICKED BY THIEU ARE SURE TO WIN.

11. OKA (CSM) DESCRIBES LIFE IN VN DELTA PROVINCE PHONG DINH WHERE PEOPLE WORRY ABOUT FUTURE AND HOPE FOR PEACE AFTER INITIAL POST-CEASEFIRE GOODWILL BETWEEN GVN AND PRG ENDS. SHIPLER (NYT) FINDS BIG FORMER US AIR BASE AT DA NANG EMPTY AND DETERIORATING, WITH TERMITES THE BIG ENEMY.

12. GALLUP POLL SAYS 2/3 OF L353 LEADING FOREIGNERS

FROM 70 COUNTRIES RECENTLY QUESTIONED THINK US MADE
MISTAKE GETTING MILITARILY INVOLVED VN, AND US LOST
PRESTIGE AND SHOULD HELP REBUILD NVN (CHITRIB, AP).

JAPAN

13. REUTER REPORTS (TOKYO) JAPANESE CABINET OKS
TANAKA PLEDGE OF \$50 MILLION AID TO SVN AND 0
MILLION TO &0 MAJOR US UNIVERSITIES.

14. PEPPER (SUN) REPORTS TANAKA PLUNGED INTO CONSULTATIONS
ON BACKLOG OF DOMESTIC PROBLEMS ON RETURN FROM US.
DIET IS AT STANDSTILL WITH LEFTIST OPPOSITION PARTIES
BOYCOTTING DEBATES. VARIOUS BILLS ARE AT STAKE,
AS IS PM'S PRESTIGE AS A POLITICAL LEADER. AFTER
SEVEN MONTHS OF SLUGGISH LDP PERFORMANCE IN DIET,
TANAKA NEEDS SOME DOMESTIC SUCCESS TO MAKE TRIP
TO WESTERN EUROPE AND USSR LOOK LIKE SOMETHING
OTHER THAN CLEVER DIVERSION.

15. JOC REPORTS ON FORMATION OF LABOR LIAISON
COUNCIL FOR MULTINATIONAL ENTERPRISE PROBLEMS BY
JAPANESE LABOR ORGANIZATIONS. NEW BODY WILL STRIVE
FOR "STABILIZED" EMPLOYMENT AND BETTER WORKING
CONDITIONS FOR WORKERS EMPLOYED BY MULTINATIONAL
FIRMS. BASICALLY, IDEA IS TO MAKE A MAJOR EFFORT
UNCLASSIFIED

UNCLASSIFIED

PAGE 05 STATE 155689

TO "IMPROVE THE COSTS" OF JAPANESE COMPANIES IN
THE REGION BY MAKING IT MUCH MORE EXPENSIVE FOR
FIRMS IN JAPAN TO EXPORT JOBS.

KOREA

16. GRABBE (UPI, TOKYO; PHINQ) NOTES THAT AFTER
20 YEARS OF TRUCE, KOREA IS STILL DIVIDED, AS ARE
MANY FAMILIES. ARTICLE DISCUSSES ORIGINAL DIVISION
OF KOREA, WAR, AND SUBSEQUENT DIPLOMATIC MOVES.
MENTIONS PARK'S PROPOSAL FOR ADMISSION OF BOTH
KOREA'S TO UN, AND RECOGNITION OF NK BY SCANDINAVIAN
NATIONS.

PRC

17. UPI (LONDON, NYDN) REPORTS MAO AND SUPPORTERS
HAVE APPARENTLY SUCCEEDED IN PURGING PROMINENT
PRO-SOVIET ELEMENTS WHO OPPOSED RECONCILIATION
WITH US, ACCORDING TO DIPLOMATIC DISPATCHES FROM
PEKING. REMOVAL OF PRO-SOVIET ELEMENTS FROM MAIN

POLITICAL AND ADMINISTRATIVE CENTERS SEEN AS MOVE TO PREVENT CLASH AT COMING PARTY CONGRESS, WHICH WILL DETERMINE ISSUE OF MAO'S SUCCESSION AND REPLENISH POLITBUREAU.

18. GEWECKE (CSM) REPORTS ON TOUR BY 10 US SWIMMERS AND DIVERS. ACCORDING ESCORT SCHOENFIELD, CHINESE ARE THREE TO FOUR YEARS BEHIND IN DEVELOPMENT OF TALENT, BUT SOME CITIES HAVE FAR BETTER FACILITIES THAN US. SCHOENFIELD ADDS, "WE HAD TREMENDOUS RAPPORT. THEY COULD HARDLY BELIEVE THAT GOLD MEDAL WINNERS AND WORLD RECORD-HOLDERS WOULD GET DOWN TO THE LEVEL OF HELPING THEIR CHILDREN. CHIANG CHING PERSONALLY THANKED US AT A RECEPTION." TOUR ORIGINATED WITH REQUEST TO HAK FROM CHOU EN-LAI.

PHILIPPINES

19. UPI REPORTS (NYDN) ON AMB. SULLIVAN PRESENTATION
UNCLASSIFIED

UNCLASSIFIED

PAGE 06 STATE 155689

OF HIS CREDENTIALS TO MARCOS. HE SAID US IS MOVING AWAY FROM ITS "TRAUMATIC FIXATION" WITH INDOCHINA TOWARD CLOSER TIES WITH REST OF SEA. VIOLENCE AND TENSIONS OF PAST ARE EASING, AND GREAT POWERS ARE BEGINNING TO COOPERATE IN MAKING PEACE. "IT IS NOT YET A PERIOD WHEN ALL CAUTIONS CAN BE ABANDONED. BUT IT IS A TIME WHEN WE HAVE MORE HOPE FOR THE ASPIRATIONS AND DIGNITY OF MAN'S AMBITIONS IN THIS REGION OF THE WORLD."

20. AP REPORTS (SUN) MARCOS APPEARS TO BE TIGHTENING MARTIAL-LAW CONTROL OVER CIVIL AND MILITARY SECTOR OF GOVERNMENT. TALK OF CRACKDOWN ON LOCAL OFFICIALS IS POPULAR AMONG POPULATION WEARY OF LOCAL CHAOS AND INSECURITY. MARCOS TREADING LESS STEADY BOARDS WHEN HE DEALS WITH ARMED FORCES. DESPITE INCREASING DEFENSE EXPENDITURES, MILITARY IS STRETCHED VERY THIN BY MOSLEM AND COMMUNIST INSURGENCIES.

21. AFP (PHINQ) REPORTS MABALACAT, SMALL TOWN NORTH OF MANILA, IS DRAWING JAPANESE AND US TOURISTS BECAUSE IT WAS PLACE WHERE JAPANESE PILOTS LAUNCHED KAMIKAZE STRIKES IN WW II.

INDONESIA

22. REPORTS FROM BANDUNG INDICATE ANTI-CHINESE RIOTING RESULTED IN ONE DEATH AND SCORES OF INJURIES. RIOTING LASTED ALL NIGHT, INCLUDED RANSACKING

OF MORE THAN 900 SHOPS, SETTING FIRE TO 192 MOTORCYCLES
AND 26 CARS (NYT, WP, PHINQ, CSM).

THAILAND

23. CULLISON (JOC, TOKYO) REPORTS FULL FEASIBILITY
SURVEY OF KRA CANAL PROJECT WILL BE SUBMITTED TO
RTG SEPT.. AT TOKYO PRESS CONFERENCE, OFFICIALS
OF THE THAI SENIOR REVIEW AND TECHNICAL ADVISORY
GROUPS SAID CONSULTANTS BELIEVE THE PROJECT IS
BOTH TECHNICALLY AND ECONOMICALLY FEASIBLE, AND
CANAL SUFFICIENTLY REALISTIC AND VIABLE THAT CONTINUATION
UNCLASSIFIED

UNCLASSIFIED

PAGE 07 STATE 155689

OF PROJECT CAN BE RECOMMENDED TO RTG. NEXT STAGE,
IF AUTHORIZED BY THAI N.E.C., WOULD BE PRELIMINARY
GEOLOGICAL SURVEY. ALTHOUGH OTHER COUNTRIES WOULD
BE MAKING USE OF CANAL, JAPAN WOULD ENJOY MOST
OF THE BENEFITS.

SINGAPORE

24. REUTER (CHITRIB) REPORTS ON DEVELOPING SEA
RICE SHORTAGE. BAD WEATHER IN PHILIPPINES, INDONESIA
AND THAILAND, RESULTED IN FAILURE OF EXPECTED MASSIVE
SURPLUS. THAILAND, BURMA, SINGAPORE, AND EEC HAVE
BANNED EXPORTS. CHINA AND PAKISTAN ARE SELLING,
BUT US RICE IS TOO EXPENSIVE, AND AUSTRALIAN SUPPLIES
LIMITED.

AUSTRALIA

25. FARRELL LINES REPORTS MELBOURNE LONGSHOREMEN
HAVE COMPLETELY ENDED THEIR BAN ON AMERICAN-FLAG
SHIPPING (JOC).

26. NEW ZEALAND

NEW ZEALAND RECALLED FRIGATE CANTERBURY FROM FRENCH
NUCLEAR TEST SITE. REST OF FRENCH SERIES REPORTEDLY
DELAYED UNTIL AT LEAST SEPTEMBER. US-REGISTERED
SCHOONER FRI REPORTEDLY RETURNING TO NZ ALSO (CSM,
NYDN).

COMMENT AND ANALYSIS

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27. WILLIAM WHITE (PHINQ) SAYS "...IT IS VERY CLOSE
TO TAPS, TO THE HOUR OF THRENODY AND REQUIEM, FOR THE
WHOLE VAST AND FRIGHTFULLY COSTLY AMERICAN EFFORT
TO PREVENT A MASSIVE VICTORY FOR ARMED COMMUNISM

IN SOUTHEAST ASIA." WHITE CRITICIZES CONGRESS, INCLUDING "THE MOST FAMOUS OF ITS PRESENT DOVES", WHO ONCE CHEERED ON OUR INTERVENTION, FOR PRESSURING THE PRES. FOR BOMBING HALT IN CAMBODIA, AND THINKS WATERGATE MIGHT HAVE DELIVERED THE LAST, FATAL BLOW
UNCLASSIFIED

UNCLASSIFIED

PAGE 08 STATE 155689

TO THE PRESIDENT'S ABILITY TO DISCHARGE US OBLIGATION IN INDOCHINA. "I FOR ONE SHOULD FAR RATHER BE CALLED 'PRO-WAR' TO THE END THAN TO BE NUMBERED AMONG THOSE WHO CRIED THE BOYS ONWARD WHILE THE SUN STILL SHONE BUT WHO FLED TO SHELTER WHEN THE RAINS BEGAN TO FALL."

28. LAT'S JACQUES LESLIE (AUG. 5) IN HONG KONG CITES US ADVISERS IN SVN AS REPORTING THAT GVN HASTE IN MOVING REFUGEES FROM CAMPS TO RURAL SITES HAS CAUSED NEW OVERCROWDING AND HEALTH PROBLEMS AND FORCED SOME TO RETURN TO PRG TERRITORY. ATTRIBUTES GVN ATTEMPT TO MOVE AS MANY PEOPLE AS POSSIBLE BACK TO THEIR HOMES, OR IF THE HOMES ARE STILL IN PRG TERRITORY, TO RESETTLEMENT SITES INSTEAD, TO GVN'S INCREASINGLY SERIOUS ECON PROBLEMS, WHICH SEEM TO PRECLUDE SUPPORTING REFUGEES IN CAMPS FOREVER. SAYS GVN PLANNERS HAD HOPED THAT ONCE THE REFUGEES RETURNED TO THE LAND, THEY WOULD BE SELF-SUPPORTING, THEREBY RELIEVING THE COUNTRY OF SUBSTANTIAL ECON BURDEN.

29. S-N'S BRADSHAW (AUG. 6) IN SAIGON CITES HIGH GVN OFFICIALS, PROMINENT VIETNAMESE, SENIOR US

UNCLASSIFIED

DIPLOMATS AND FOREIGN OBSERVERS AS AGREEING THAT GRAVEST DANGER IN PERIOD WHEN COMMUNIST MILITARY PRESSURE HAS SUBSIDED IS SVN'S ECON WEAKNESS. SAYS TRANSITION FROM ALL-OUT WAR TO UNCERTAIN TRUCE HAS ACCENTUATED ECON PROBLEMS WITH RESULT THAT GVN'S ABILITY TO STAND UP TO COMMUNISTS IN C-F COMPETITION HAS BEEN WEAKENED. LIVING STANDARDS ARE DOWN FROM THE PEAKS ACHIEVED AS A RESULT OF US MILITARY SPENDING AND ECON AID, AND EXPECTED TO DECLINE FURTHER; COST OF RICE HAS INCREASED UP TO 45 SINCE JAN. 1; PRICE INDEX HAS RISEN 31 THIS YEAR; PAY SCALES FOR ARMY AND CIVIL SERVICE ARE CONSTANTLY BEING OUT-STRIPPED BY INFLATION, CREATING PRESSURE TOWARD CORRUPTION. THIEU HAS AMBITIOUS ECON DEVELOPMENT PLANS, BUT IS UNDER CONFLICTING PRESSURES FROM TRAINED ECONOMISTS, POLITICIANS AND MILITARY ON THE USE OF
UNCLASSIFIED

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PAGE 09 STATE 155689

LIMITED RESOURCES. SVN CONTINUES TO COUNT MOST ON CONTINUED US AID BUT THERE IS INCREASING SKEPTICISM THAT CONGRESS WILL PROVIDE THE AMOUNT OF AID SVN FEELS IT NEEDS AND USAID EARNESTLY URGES. JAPAN AS A SOURCE OF AID HAS PROVEN DISAPPOINTING.

30. LAT'S MCARTHUR (AUG. 5) WRITES FEATURE ABOUT THE CAI LAY AGRICULTURAL BANK, THE 47TH DISTRICT-LEVEL FARMERS BANK STARTED IN LAST FIVE YEARS UNDER A SPECIAL GOVERNMENT PROGRAM. DISTRICT AGRIC BANKS WERE ESTABLISHED TO PRECLUDE PRACTICE WHEREBY FARMERS WOULD IMPOVERISH THEMSELVES TO REPAY DEBTS OWED LANDLORDS OR CHINESE MONEY-LENDERS, BUT BORROWER STILL HAS TO PAY WHOPPING INTEREST BY FOREIGN STANDARDS. OFFICIALS SAY NATION-WIDE DEBT REPAYMENT RATE RUNS AT 97 OR BETTER.

31. LAT'S JACQUES LESLIE(UG. 4) IN PP DOES PIECE ON CITY ATMOSPHERICS. SAYS MANY FOREIGNERS FEAR THAT IF KI TROOPS CONTINUE THEIR ADVANCE ON PP, PP RESIDENTS LED BY FRENZIED SOLDIERS MAY GO ON A RAMPAGE, PICKING EASIEST TARGETS ON WHICH TO VENT FRUSTRATIONS. CITES FOREIGN DIPLOMAT AS PREDICTING THAT "BY THEN, THEY WILL THINK THAT AMERICANS HAVE CAUSED THEIR PROBLEMS, AND THAT ANYONE WHO LOOKS LIKE AN AMERICAN IS GUILTY."

32. S-N LETTERS TO EDITOR (AUG. 6) CARRIES THREE PRO-GODLEY AND ONE PRO-FULBRIGHT LETTER CONCERNING GODLEY CASE.

33. GLOBE'S CROCKER SNOW (AUG. 4) IN SEOUL NOTES

UNCLASSIFIED
THAT 13 MONTHS HAVE ELAPSED SINCE SEOUL AND PYONGYANG ANNOUNCED AGREEMENT TO SEEK UNIFICATION DESPITE "TRANSCENDING DIFFERENCES IN IDEAS, IDEOLOGIES AND SYSTEMS." OBSERVING THAT VITRIOL AND PROPAGANDA ON BOTH SIDES HAVE NOT SUBSIDED, NEITHER TOKEN HUMANITARIAN EXCHANGES NOR TWO-WAY TRADE HASOCCURRED, SNOW COMMENTS THAT UNIFICATION SEEMS DOUBTFUL
UNCLASSIFIED

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PAGE 10 STATE 155689

TODAY. CONSIDERS, HOWEVER, AS "MOST SIGNIFICANT" FACT THAT THE TWO KOREAS HAVE BEGUN TO COMMUNICATE, BUT SAYS QUESTIONS OF UN ADMISSION INITIALLY AND

UNIFICATION ULTIMATELY WILL LIKELY BE DECIDED IN
CONTEXT OF BIG POWERS.

34. RICHARD BOYCE OF SCRIPPS-HOWARD (S-N, AUG. 6)
CITES INFORMED US OFFICIALS AS SAYING THAT PRC NOW
HAS: (1) SOVIET-TYPE TU-16 BOMBERS WITH MORE THAN
1,500 MILE RANGE WHICH CAN CARRY LARGE NUCLEAR WARHEADS,
(2) SEVERAL NEW MISSILE-CARRYING DESTROYERS, (3)
NEW SUBMARINES ALSO THOUGHT TO BE NUCLEAR-ARMED.
SOURCES EXPECT CHINA WILL SOON LAUNCH, IF IT HAS NOT
DONE SO ALREADY, A PROGRAM OF BUILDING LONG-
RANGE POLARIS-TYPE MISSILES FOR NEW SUBS. THIS
MEANS CHINA IS MOVING RAPIDLY FROM BEING MERELY A
LAND-BASED NUCLEAR ARSENAL. PRC IS THOUGHT TO BE
READY SOON TO TURN OUT ICBMS WITH A RANGE UPWARDS OF
3,000 MILES.

35. WP DISCUSSES PROSPECTS FOR TRIANGULAR AGREEMENT
TO DEVELOP SOVIET OIL AND GAS, AND NOTES IMPLICATIONS
FOR PACIFIC POLITICS OF NIXON-TANAKA EFFORTS TO
COOPERATE IN MEETING COMMON NEED FOR FUEL. ASSERTS
THAT JAPAN WANTS THE US AS A PARTNER IN SIBERIAN
VENTURE FOR REASONS THAT GO BEYOND FINANCING. JOINT
US-JAPAN DEPENDENCE ON THE PIPELINE WOULD MAKE IT
MORE DIFFICULT FOR SOVIETS TO USE THE SUPPLY TO EXERT
POLITICAL PRESSURE ON JAPANESE; GREATEST BENEFITS
TO THE US IN THE SIBERIAN PROJECT WOULD LIE MAINLY
IN STRENGTHENING US TIES WITH BOTH JAPAN AND THE
USSR.

36. LAT (AUG. 5) EXPRESSES VIEW THAT NIXON-
TANAKA TALKS SEEM TO HAVE PUT US-JAPAN RELATIONS
BACK ON RIGHT TRACK. THE URGENT NEED NOW IS TO
KEEP THEM THERE ON A DAY-TO-DAY BASIS, RATHER
THAN JUST RELYING ON ANNUAL SUMMIT MEETINGS TO
PATCH THINGS UP.

37. JOC REPORT CITES TANAKA IN SAN FRANCISCO AS
UNCLASSIFIED

UNCLASSIFIED

PAGE 11 STATE 155689

EXPRESSING PRIDE OVER EXPECTED 50 PERCENT REDUCTION THIS
YEAR IN \$4 BILLION US-JAPAN TRADE IMBALANCE. PRIME
FACTOR IN NARROWING GAP WAS EFFORT OF BUSINESSMEN
OF BOTH NATIONS TO HIKE US EXPORTS TO JAPAN RATHER
THAN TURNING TO IMPORT RESTRICTIONS AND INDUSTRIAL
PROTECTIONISM. TANAKA SAYS TURNAROUND REFLECTS GOJ
SHIFT IN ECON GOALS FROM GROWTH TO PUBLIC WELFARE,
AND FROM EXPORTING TO IMPORTING. ADDS THAT DIVERTING
RESOURCES FROM EXPORT TO PRODUCTION OF SOCIAL
CAPITAL AND PROMOTION OF BETTER QUALITY OF LIFE

FOR JAPANESE WILL CREATE NEW, EXPANDING MARKETS FOR
US EXPORTS.

38. CHITRIB'S ANDERSON CITES SENATOR MCGEE, ONE
OF EIGHT MEMBERS OF CONGRESS WHO RECENTLY VISITED
CHINA, AS EXPRESSING VIEW THAT SINCE PRC NEEDS
ALMOST EVERYTHING IT PRODUCES FOR DOMESTIC CONSUMPTION
AND COULD NOT AFFORD US LABOR-SAVING TECHNOLOGY BE-
CAUSE IT WOULD IDLE PEOPLE, PROSPECTS FOR SINO-US
TRADE ARE POOR. THUS MCGEE SEES TOURISM AND
CULTURAL EXCHANGE RATHER THAN TRADE AS IMMEDIATE ROUTE
TOWARD DETENTE. MCGEE ENVISIONS EVEN LESS CHINA
TRADE WITH JAPAN. IN CASE OF JAPAN - IN ADDITION
TO PRC LEADERSHIP'S "BASIC IDEOLOGICAL RELUCTANCE"
AND CHINA'S "PRACTICALLY NIL EXPORT" SITUATION -
THERE IS DISTRUST OF JAPAN. ALSO QUOTES MCGEE
AS SAYING THAT THE CHINESE ARE INTERESTED IN THE US
KEEPING ITS PRESENCE IN ASIA. "THEY FEAR A
MILITARIZED JAPAN ALMOST AS MUCH AS THEY FEAR THE
SOVIET UNION, AND THEY KNOW THAT, AS LONG AS OUR
PRESENCE IS FELT IN EASTERN ASIA, JAPAN WILL NOT
MILITARIZE." ANDERSON OBSERVES THAT MCGEE'S
VIEWS ARE IN SHARP CONTRAST WITH THOSE OF CHASE
MANHATTAN'S ROCKEFELLER WHO SAID THE CHINESE ARE
EAGER TO EXPAND TRADE WITH US AND THAT THERE ARE
"GROWING OPPORTUNITIES FOR SUCH TRADE." ROGERS

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